Message Text

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E.O. 11652: N/A

TAGS: EINV ENRG PE

SUBJECT: DECREE LAW PERMITTING RESUMPTION OF GULF OPERATIONS IN PERU

REF: LIMA 6146

1. NESTOR ORTIZ, GULF CONSULTANT IN WASHINGTON, REPORTS THAT GULF/CORAL GABLES IS OPPOSED TO DECREE LAW APPROACH DESCRIBED PARA 2 REFTEL, PERMITTING RESUMPTION OF GULF OPERATIONS IN PERU. CORAL GABLES INTERPRETATION OF PROPOSED DECREE LAW DIFFERS FROM THAT OF THEIR LIMA LAWYER, REPORTED REFTEL. IT IS CORAL GABLES' UNDERSTANDING THAT DECREE LAW WOULD NOT REPEAT NOT MEAN ALL GULF OPERATIONS WOULD BE PERMITTED BUT RATHER THAT A NEW DECREE LAW WOULD BE NECESSARY FOR EACH DISCRETE ACTIVITY BEYOND CITED GULF PURCHASE OF PERUVIAN RESIDUAL FUEL.

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- 2. ORTIZ ALSO REPORTED THAT A DECREE LAW GRANTING BLANKET PERMISSION TO GULF TO RESUME OPERATIONS HAS SO FAR NOT PROVED ACCEPTABLE TO HIGHER REACHES OF GOP. GULF, HOWEVER, INTERESTED IN PUSHING JUST SUCH A LAW, IF AT ALL POSSIBLE.
- 3. GULF CONCERNED NO; ONLY ABOUT COMPANY'S TRADE IN OIL

PRODUCTS IN PERU BUT ALSO ABOUT OPERATION OF KEWANEE

INDUSTRIES, NOW 100 OWNED BY GULF. FURTHERMORE, IN RECENT HIGH-LEVEL REVIEW OF GULF OIL EXPLORATION AND DEVELOPMENT PROGRAMS ABROAD, CONSIDERABLE INTEREST WAS FOCUSSED ON PERU. GULF MIGHT CONSIDER FORMULATING PROPOSAL TO GOP TO EXPLORE FOR OIL IN PERU UNDER LIBERALIZED PETROLEUM REGIME THERE, IN PARTNERSHIP WITH WORLD BANK (SEE GULF LETTER TO AMBASSADOR OF MARCH 1, 1978). IT WOULD HOWEVER, ORTIZ ADDED, BE DIFFICULT TO PERSUADE BOARD OF DIRECTORS OF GULF TO GO ALONG WITH SUCH A PROPOSAL UNLESS BLANKET DECREE LAW WERE IMPLEMENTED GRANTING GULF GENERAL RIGHT TO RESUME OPERATIONS IN PERU.

4. REQUEST EMBASSY TO INQUIRE INTO STATUS OF PREVIOUSLY PROPOSED DECREE LAW AND POSSIBILITY OF PASSAGE OF MORE GENERAL LAW. VANCE

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